north dakota
department of human services

Medicaid Management Information System (MMIS)

The Medicaid Management Information System (MMIS) is the computer system that processes medical claims for payment and generates utilization information for the Medicaid program, which provides health coverage to an average of 53,000 North Dakotans per month.

Implemented in 1978, the system has a significant impact on Medicaid recipients and providers. <u>DHS has serious concerns about being able to maintain the current system over the next biennium</u>.

The State Information Technology Advisory Committee (SITAC), which reviews and prioritizes technology requests from state agencies, has given MMIS replacement the second highest ranking of the information technology projects for the 2005 session.

MMIS Impact:

- Medicaid payments comprise appoximately 17.7% of the proposed 2005 - 2007 state budget and about 58.5% of the proposed 2005 - 2007 N.D. Department of Human Services' budget.
- North Dakota's MMIS processes about 2.4 million claims per year representing $458 million in payments to providers.
- Implementing system changes to meet federal requirements of the Health Insurance Portability and Accountability Act (HIPAA) severely strained the MMIS. After HIPAA-related changes were implemented, an unprecedented claims backlog developed. Additional programming and overtime work by claims processing staff reduced the backlog from 61,000 claims (Oct. 2003) to 17,000 (Nov. 2004).
- Federal regulations require states to process 90% of Medicaid claims within 30 days. Due to the efforts of dedicated staff, North Dakota's claims processing rate averaged 90.30% during 2004.
- Maintaining the system is difficult because the underlying system architecture is fragile and based upon old technology.
- In addition to Medicaid, MMIS processes claims for Vocational Rehabilitation, Children's Special Health Services, and the Department of Corrections and Rehabilitation.

MMIS Replacement Costs:

- While final cost of replacing North Dakota's MMIS can only be estimated, the cost is projected to be around $30 million. The N.D. Department of Human Services has received approval from the Centers for Medicare and Medicaid Services (CMS) for 90% federal funding for costs associated with the design, development and implementation of the MMIS.

Benefits Of A New MMIS:

- Timely payments to health care providers in North Dakota
- Ability to adapt to ever changing Medicaid program requirements while assuring system integrity
- Improved and consistent internal controls
- Reliable data for decision making and program management
- Improved customer service and business processes

Replacement Project Goal:

- Ensure state-of-the-art design and a system that meets the needs of the program for many years to come in a fiscally responsible manner

Replacement Project Update:

- The 2003 Legislature appropriated $1.6 million to DHS to complete the planning phase for replacing the current MMIS. Ten percent or $160,000 of the funds were state general funds.
- DHS contracted with Fox Systems Inc., to provide an initial analysis of system requirements, a cost-benefit analysis, and to prepare the request for proposal (RFP) for a new MMIS.
- Replacement project team members made site visits to states with certified systems representing the newest technology, and also hosted demonstrations from five MMIS vendors with systems in production.
- DHS held a webcast September 21, 2004, to update stakeholders. The web-cast is accessible on-line at *www.state.nd.us/humanservices*.

MMIS Requirements:

- Meets federal Center for Medicare and Medicaid Services (CMS) certification requirements and current and future MMIS and HIPAA requirements
- Fully HIPAA compliant
  o National provider identification
  o Claims attachment
  o Transaction code sets
- On-line, real-time adjudication and inquiry capabilities
- Flexible, modularly designed system that is user-friendly, easy to maintain, and easy to enhance
- Web-based services
  o On-line provider enrollment, eligibility verification, member services, benefits administration, service authorization, claims submission and processing, and utilization management

Replacement Options:

- DHS has considered several replacement options by analyzing costs, benefits, risks, and technology architecture.
- Options have been narrowed to two alternatives: a system operated and maintained by the state or the outsourcing of claims processing and data center operations.

- After reviewing the costs, benefits, and risks, DHS is recommending that MMIS operations be kept within state government.

Next Steps:

- If funding is approved by the 2005 Legislature, the Department of Human Services plans to release the RFP in the spring of 2005.